



[Docket No. FR-6333-N-01]

**Notice of HUD-Held Vacant Loan Sales (HVLS 2022-2, Parts 1 and 2)**

**AGENCY:** Office of the Assistant Secretary for Housing - Federal Housing Commissioner, U.S. Department of Housing and Urban Development (HUD).

**ACTION:** Notice of sales of reverse mortgage loans.

**SUMMARY:** This notice reports HUD's recent June 8th competitive sale offering of 1,406 reverse mortgage loans secured by vacant or abandoned properties with a loan balance of approximately \$336 million (June sale or HVLS 2022-2, Part 1). The June sale consisted of one national pool and one single-asset pool secured by a vacant lot in Omaha, Nebraska (Single asset pool or Land only asset). The Secretary offered these assets to qualified nonprofit or unit of state or local government bidders and joint ventures with a charitable 501(c)(3) nonprofit organization or unit of government carrying out a governmental public purpose. This was the eighth sale offering of its type. For the June sale, approximately 700 of these mortgage loans were awarded on or about June 13, 2022. The approximately 700 remaining mortgage loans, including the Land only asset, will be offered again on or about July 27<sup>th</sup> in one national pool (July sale or HVLS 2022-2, Part 2). Terms and conditions of that July sale are outlined later in this document. Also, this notice generally describes the bidding process for the sale and certain persons who are ineligible to bid.

**DATES:** For the July sale, the Bidder's Information Package (BIP) will be made available to eligible bidders at least fourteen to twenty-one days prior to the sale. Bids for the July sale will be accepted on the Bid Date of on or about July 27, 2022 (Bid Date). HUD anticipates that awards will be made on or about July 28, 2022 (Award Date).

**ADDRESSES:** HUD has expanded the eligible bidder types for the July sale to include for-profit entities. To become an eligible bidder and receive the BIP for the July sale, prospective bidders must complete, execute, and submit a Confidentiality Agreement and Qualification

Statement acceptable to HUD. The documents will be available in preview form on the Transaction Specialist (TS) , Falcon Capital Advisors, website: <http://www.falconassetsales.com>. This website contains information and links for sale registration and electronically completing and submitting the documents.

If you do not submit electronically, please submit executed documents via mail or facsimile to Falcon Capital Advisors: Falcon Capital Advisors, 427 N Lee Street, Alexandria, VA 22314, Attention: Glenn Ervin, HUD HVLS Loan Sale Coordinator. eFax: 1-202-393-4125.

**FOR FURTHER INFORMATION CONTACT:** John Lucey, Director, Office of Asset Sales, Room 3136, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410-8000; telephone 202-708-2625, extension 3927 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay at 800-877-8339 (this is a toll-free number).

**SUPPLEMENTARY INFORMATION:**

This notice announces HUD's sale of due and payable Secretary-held reverse mortgage loans in HVLS 2022-2, Part 1 that took place on June 8th. In that June sale, HUD offered 1,404 reverse mortgage loans but awarded approximately 700 reverse mortgage loans.

Additionally, this notice announces HUD's upcoming HVLS 2022-2, Part 2 sale of the approximately 700 remaining reverse mortgage loans that were not awarded in the June sale. The reverse mortgage loans offered for the July sale have a loan balance of approximately \$141 million. The reverse mortgage loans consist of first liens secured by single family, vacant residential properties, where all borrowers are deceased, and no borrower is survived by a non-borrowing spouse. The Land only asset is secured by a vacant lot in Omaha, Nebraska.

For the July sale, a listing of the approximately 700 reverse mortgage loans will be included in the due diligence materials made available to eligible bidders. The mortgage loans will be sold without FHA insurance and with servicing released. HUD will offer eligible bidders an opportunity to bid competitively on the reverse mortgage loans.

## **The Bidding Process**

The BIP describes in detail the procedure for bidding in the July sale. The BIP or a BIP Supplement, as applicable, will include a standardized non-negotiable Conveyance, Assignment and Assumption Agreement, and any attached riders, for the July sale (CAA). The CAA will contain mission outcome requirements.

Eligible bidders will be required to submit a deposit with their bid. Deposits are calculated based upon each eligible bidder's aggregate bid price.

HUD evaluates the bids submitted and determines the successful bid, in terms of the best value to HUD, in its sole and absolute discretion. If an eligible bidder is successful, the eligible bidder's deposit will be non-refundable and will be applied toward the purchase price. Deposits will be returned to unsuccessful bidders.

This notice provides some of the basic terms of sale. The CAA, which will be released in a BIP or BIP Supplement, as applicable, provides comprehensive contractual terms and conditions. To ensure a competitive bidding process, the terms of the bidding process and the CAA are not subject to negotiation.

## **Due Diligence Review**

The BIP describes how eligible bidders may access the due diligence materials remotely via a high-speed Internet connection.

## **Mortgage Loan Sale Policy**

HUD reserves the right to remove mortgage loans from a sale at any time prior to the Award Date and the settlement date for the mortgage loans. HUD also reserves the right to reject any and all bids, in whole or in part, and include any reverse mortgage loans in a later sale. Deliveries of mortgage loans will occur in conjunction with settlement and servicing transfer no later than 60 days after the Award Date.

The reverse mortgage loans offered for sale were insured by and were assigned to HUD pursuant to section 255 of the National Housing Act, as amended. The sale of the reverse mortgage loans is pursuant to section 204(g) of the National Housing Act.

### **Mortgage Loan Sale Procedure**

HUD selected an open competitive whole-loan sale as the method to sell the reverse mortgage loans for this specific sale transaction. For the July sale, HUD has determined that this method of sale optimizes HUD's return on the sale of these reverse mortgage loans, affords the greatest opportunity for all eligible bidders to bid on the reverse mortgage loans, and provides the quickest and most efficient vehicle for HUD to dispose of the due and payable reverse mortgage loans.

### **Bidder Ineligibility**

To bid in the July sale as an eligible bidder, a prospective bidder completes, executes, and submits both a Confidentiality Agreement and a Qualification Statement acceptable to HUD. In the Qualification Statement, the prospective bidder must provide certain representations and warranties regarding the prospective bidder, including but not limited to (i) the prospective bidder's board of directors, (ii) the prospective bidder's direct parent, (iii) the prospective bidder's subsidiaries, (iv) any related entity with which the prospective bidder shares a common officer, director, subcontractor or sub-contractor who has access to Confidential Information as defined in the Confidentiality Agreement or is involved in the formation of a bid transaction (collectively the "Related Entities"), and (v) the prospective bidder's repurchase lenders. The prospective bidder is ineligible to bid on any of the reverse mortgage loans offered if the prospective bidder, its Related Entities, or repurchase lenders, are any of the following, unless other exceptions apply as provided for in the Qualification Statement.

1. An individual or entity that is currently debarred, suspended, or excluded from doing business with HUD pursuant to the Governmentwide Suspension and Debarment regulations at 2 CFR parts 180 and 2424;

2. An individual or entity that is currently suspended, debarred, or otherwise restricted by any department or agency of the federal government or of a state government from doing business with such department or agency;

3. An individual or entity that is currently debarred, suspended, or excluded from doing mortgage related business, including having a business license suspended, surrendered or revoked, by any federal, state, or local government agency, division, or department;

4. An entity that has had its right to act as a Government National Mortgage Association (“Ginnie Mae”) issuer terminated and its interest in mortgages backing Ginnie Mae mortgage-backed securities extinguished by Ginnie Mae;

5. An individual or entity that is in violation of its neighborhood stabilizing outcome obligations or post-sale reporting requirements under a CAA Agreement executed for any previous mortgage loan sale of HUD;

6. An employee of HUD’s Office of Housing, a member of such employee’s household, or an entity owned or controlled by any such employee or member of such an employee’s household with household to be inclusive of the employee’s father, mother, stepfather, stepmother, brother, sister, stepbrother, stepsister, son, daughter, stepson, stepdaughter, grandparent, grandson, granddaughter, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, first cousin, the spouse of any of the foregoing, and the employee’s spouse;

7. A contractor, subcontractor, and/or consultant or advisor (including any agent, employee, partner, director, or principal of any of the foregoing) who performed services for or on behalf of HUD in connection with the sale;

8. An individual or entity that knowingly acquired or will acquire prior to the sale date material non-public information, other than that information which is made available to Bidder by HUD pursuant to the terms of this Qualification Statement, about mortgage loans offered in the sale;

9. An individual or entity which knowingly employs or uses the services of an employee of HUD's Office of Housing (other than in such employee's official capacity); or

10. An individual or entity that knowingly uses the services, directly or indirectly, of any person or entity ineligible under 1 through 9 to assist in preparing any of its bids on the mortgage loans.

The Qualification Statement has additional representations and warranties which the prospective bidder must make, including but not limited to the representation and warranty that the prospective bidder or its Related Entities are not and will not knowingly use the services, directly or indirectly, of any person or entity that is, any of the following (and to the extent that any such individual or entity would prevent the prospective bidder from making the following representations, such individual or entity has been removed from participation in all activities related to this sale and has no ability to influence or control individuals involved in formation of a bid for this sale):

(1) An entity or individual is ineligible to bid on any included reverse mortgage loan or on the pool containing such reverse mortgage loan because it is an entity or individual that:

(a) Serviced or held such reverse mortgage loan at any time during the six-month period prior to the bid, or

(b) Is any principal of any entity or individual described in the preceding sentence;

(c) Any employee or subcontractor of such entity or individual during that six-month period; or

(d) Any entity or individual that employs or uses the services of any other entity or individual described in this paragraph in preparing its bid on such reverse mortgage loan.

### **Freedom of Information Act Requests**

HUD reserves the right, in its sole and absolute discretion, to disclose information regarding HVLS 2022-2, Parts 1 and 2, including, but not limited to, the identity of any successful eligible bidder and its bid price or bid percentage for any pool of loans or individual

loan, upon the closing of the sale of all the reverse mortgage loans. Even if HUD elects not to publicly disclose any information relating to HVLS 2022-2, Parts 1 and 2, HUD will disclose any information that HUD is obligated to disclose pursuant to the Freedom of Information Act and all regulations promulgated thereunder.

**Scope of Notice**

This notice applies to HVLS 2022-2, Parts 1 and 2 and does not establish HUD's policy for the sale of other reverse mortgage loans.

Julia R. Gordon,

Assistant Secretary for Housing – FHA Commissioner.

**[Billing Code: 4210-67]**

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